



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE -

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DAVID E. JANSSEN
Chief Administrative Officer

September 13, 2004

To: Supervisor Don Knabe, Chair
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

Raymond G. Fortner, Jr.
Chief Deputy County Counsel

Pastor Herrera, Jr.
Director, Department of Consumer Affairs

Board of Supervisors
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Second District

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Fifth District

ADDITIONAL FUNDING FOR DEPARTMENT OF CONSUMER AFFAIRS' SMALL CLAIMS ADVISOR PROGRAM

On June 21, 2004, on motion of Supervisor Yvonne B. Burke, the Board instructed the Chief Administrative Office (CAO), County Counsel, and Department of Consumer Affairs (Consumer Affairs) to review the provisions of Code of Civil Procedure §116.910(c)(2) to determine whether an additional allocation of \$51,000 should be made to the Small Claims Court Advisor Program (Program) and jointly report back to the Board any findings and recommendations.

As more fully detailed in this report, we conclude that the provisions of Section 116.910(c)(2) do not require that an additional allocation of \$51,000 be made to the Small Claims Court Advisor Program.

Background

The Program, which is operated by Consumer Affairs, provides counseling to small claims litigants with regard to court rules, venue, service of process, collections and appeals.

These services are required by statute and court rules, specifically, Code of Civil Procedure §116.940(b), which requires the Program to provide individual personal advisory services, in person or by telephone, or by other reasonable means calculated to provide timely and appropriate assistance. In addition, Rule 1725 of the California Rules of Court requires that the County provide small claims advisors with "training sufficient to ensure competence in the areas of small claims court practice and procedure; alternative dispute resolution programs; consumer sales; vehicular sales, leasing, and repairs; credit and financing transactions; professional and occupational licensing; landlord-tenant law; contract, warranty, tort, and negotiable instruments law."

Pursuant to Code of Civil Procedure §116.910(c), six dollars (\$6) of the fees charged and collected for the filing of small claims are deposited with the County Treasurer in a special account (Small Claims Advisor Fund). Of those monies, Section 116.910(c)(2) provides in relevant part:

"In counties with a population of at least 4,000,000, not less than five hundred thousand dollars (\$500,000) shall be used to fund the small claims adviser service described in Section 116.940. That amount shall be increased each fiscal year by an amount equal to the percentage increase in revenues derived from small claims court filing fees over the prior fiscal year. The remainder of these funds shall be used for court and court-related programs. . ."

The Program received the statutory minimum funding of \$500,000 per year from the Small Claims Advisor Fund in fiscal year 1990-91, and each subsequent fiscal year, plus a proportional share of increased revenues over the \$1,476,000 in revenue received in the Fund in fiscal year 1990-91. According to the CAO, total revenues increased from \$1,476,000 in 1990-91 to \$1,591,000 in 1991-92 but dropped below the 1990-91 revenue base in subsequent fiscal years.

The Small Claims Advisor Fund revenue continues to decrease since 1991-92. Although the State increased the small claims filing fee from eight dollars (\$8) in 1991 to the current fee of twenty dollars (\$20), the State did not increase the six dollars (\$6) per filing allocation to the Small Claims Advisor Fund. Also, Consumer Affairs believes that the decrease in filing fee revenue may be attributable to the continuing increase in the number of fee waivers granted by the Courts to those litigants claiming that they cannot afford the filing fees.

The estimated revenue for 2004-05 is \$970,000 of which \$538,000 is allocated to the Program and \$432,000 is allocated for the County's mandated financial obligation for the Trial Court Operations, pursuant to the Code. Any increase in funding to the

Program would result in a decrease in funding for Trial Court Operations that would have to be funded from some other source.

On May 2004, the Director of Consumer Affairs requested an increase in funding for the Program in the amount of \$51,000 as part of their Unmet Needs. This request was premised, in part, on the provisions of Code of Civil Procedure §116.910, as well as the need for increased advisor services throughout the entire Small Claims Court system.

Findings and Recommendations

After reviewing the relevant statutory provisions, the County Counsel's Office concluded that the CAO has reasonably interpreted the provisions of the statute. Therefore, your Board is not statutorily required to make an additional allocation of \$51,000 to the Small Claims Advisor Program.

Notwithstanding the finding above, Consumer Affairs believes that there are other factors related to workload to support the additional funding. According to Consumer Affairs, the Program received an average of 5,700 calls per month between July 2000 and March 2004 related to the small claims filings via their Automated Call Distributor. Of these calls, an average of 20 percent of the callers abandon the call before speaking to a counselor due to the long wait times. Also, Consumer Affairs believes that the high volume of calls is due to the lack of service hours provided to the Courts since the Department provides advisory services once a week to only six of the twenty-four Small Claims Courts. Currently, there are eight (8) FTEs budgeted for the Small Claims Advisor Program and to meet the service demands, the Department believes that two additional Consumer Affairs Representatives are required at an estimated ongoing cost of \$110,000.

As previously indicated, any increase in the allocation to the Program from the Small Claims Advisor Fund will result in a corresponding allocation decrease to the Trial Court Operations' mandated costs which must be made up. Since the 1991-92 ongoing decrease in revenue and the continued allocation of at least \$500,000 each year to the Program, the County has effectively funded the Trial Courts Operations with additional Net County Cost to meet the maintenance of effort requirement.

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If you have questions concerning this matter, please contact Pastor Herrera, Jr., Director of the Department of Consumer Affairs, at (213) 974-9750, Chiu Lee, Chief Administrative Office, at (213) 974-1261, or Senior Deputy County Counsel, Nancy M. Takade, at (213) 974-1202.

DEJ:RGF:PH
DL:ADC:CL:lbm

c: Executive Officer, Board of Supervisors
Chief Deputy, County Counsel
Director, Consumer Affairs

Small Claims Advisory Fund.m